

Message Text

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PAGE 01 BANGKO 04896 170552Z
ACTION EA-06

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FM AMEMBASSY BANGKOK
TO AMEMBASSY SINGAPORE PRIORITY
INFO SECSTATE WASHDC PRIORITY 9960

C O N F I D E N T I A L BANGKOK 4896

LIMDIS

CINCPAC FOR POLAD

EO 11652: GDS
TAGS: MASS TH US
SUBJECT: SECURITY AND DEFENSE MATTERS: THAILAND

REF: SINGAPORE 702

1. AMBASSADOR JET SUCHARITKUN'S INQUIRY ABOUT LOW INTEREST
LOANS FROM USG FOR PURCHASE OF MILITARY EQUIPMENT (PARA 4
REFTEL) INDICATES THAT HE IS NOT FAMILIAR WITH FMS CREDITS
PROGRAM FOR THAILAND. AT THIS POINT, RTG HAS NOT BEGUN TO USE
30 MILLION DOLLAR FMS CREDITS FOR FY 1977 AND USG HAS JUST
RECENTLY OFFERED 30 MILLION DOLLAR FMS CREDIT FOR FY 1978 SO
THAT, IN ESSENCE, RTG HAS SOME 60 MILLION DOLLARS IN FMS CREDITS
CURRENTLY AVAILABLE.

2. WELL OVER A YEAR AGO RTG ANNOUNCED THAT MILITARY HAD BEEN
AUTHORIZED TO SPEND 20 BILLION BAHT (ABOUT ONE BILLION US
DOLLARS) TO MODERNIZE THAI ARMED FORCES. THIS AUTHORIZATION
WAS NOT, HOWEVER, BACKED UP WITH A SPECIFIC BUDGET ALLOCATION.
THAI MILITARY OFFICERS NOW SAY THAT THE 20 BILLION BAHT PROCUREMENT
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PAGE 02 BANGKO 04896 170552Z

PROGRAM IS TO BE SPREAD OUT OVER A FIVE-YEAR PERIOD. NO ONE HAS
SO FAR IDENTIFIED THE SOURCE OF THE FUNDS FOR THIS PROCUREMENT,
ALTHOUGH THERE HAVE BEEN SOME FAIRLY FAR OUT STATEMENTS ABOUT
BORROWING FROM THE ARABS, WHICH HAS THUS FAR NOT MATERIALIZED.

3. THE RTG DID RECENTLY PURCHASE EIGHT BELL HELICOPTERS THROUGH
HELL-ORIENT, TWO OF WHICH ARE BEING FINANCED BY FMS CREDITS AND

SIX OF WHICH ARE BEING FINANCED THROUGH OTHER ARRANGEMENTS. THE STANDARD THAI TACTIC IN PURCHASING EQUIPMENT COMMERCIALLY IS TO PRESS THE MANUFACTURER OR AGENT TO FIND OR HELP ARRANGE NECESSARY FINANCING FOR THE PURCHASE. FURTHER, THAI MAY BE FISHING ABOUT FOR QUASI-CONCESSIONAL COMMERCIAL FINANCING ON THEIR OWN. THIS MAY HAVE BEEN THE KIND OF COMMERCIAL BORROWING TO WHICH JET WAS ALLUDING.

4. WE APPRECIATE REFTEL REPORT AND AGREE WITH LAST SENTENCE OF REFTEL THAT DISCUSSION OF THAI MILITARY PROCUREMENT POLICY AND THE USE OF FMS CREDITS ALLOCATED TO THAILAND IS BEST HANDLED IN BANGKOK AND THE DEPARTMENT. SUGGEST EMBASSY SINGAPORE MIGHT GENTLY POINT THIS OUT TO JET INFORMALLY SO RTG DOES NOT GAIN IMPRESSION FROM JET THAT HE IS CONDUCTING MILITARY PROCUREMENT DISCUSSIONS IN SINGAPORE OUTSIDE EXISTING CHANNELS.
WHITEHOUSE

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